STATEMENT

of

Vietnam Veterans of America

Presented by

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Before the
House Committee on Veterans' Affairs

Regarding

Department of Veterans Affairs FY04 Budget

February 11, 2003

Mr. Chairman, on behalf of Vietnam Veterans of America (VVA) and our National President Thomas H. Corey, I thank you and your distinguish colleagues for the opportunity to present our views in regards to the President's proposed FY 2004 budget for the Department of Veterans Affairs (VA), and budget requests for other services that directly affect veterans' health care services and other vital services

Adequate Funding

Vietnam Veterans of America (VVA) holds that the purpose of the VA medical system is literally what is stated in their motto, which is "To care for he (or she) who hath borne the battle, his widow and his orphan." VVA continues to believe that the VA can and must do a better job of utilizing the funds they have more effectively and efficiently.

While the VA needs an increase of several billion to a level of at least $28 Billion in appropriated dollars for FY04 in order to accomplish their core mission, that vitally needed increase must be accompanied by additional management systems improvements, and much greater accountability from senior managers. By additional management tools, we mean a financial tracking system that works, statements of accounts that allow for tracking expenditures of specific fields and areas of interest (e.g., hepatitis). We also mean establishment of a real time Management Information System (MIS) that works to tell the Secretary and his top leaders exactly what resources they have where at any given time. If there is to be much more accountability demanded, then we must have the tools put in place to track essential data. There must also be much greater accountability for performance from GS 14, GS 15, and most especially from the Senior Executive Service (SES) and other "super grade" managers. A good place to start is very careful scrutiny of bonuses, which in FY 2002 averaged well over $11,000 per year for SES personnel at VA. In short, much more needs to be done in this area by the Executive branch, and possibly action by the Congress.

As steps are taken to accomplish greater accountability, and achieve better "bang for the buck," there must be a more steady and reliable flow of revenue than has been the case in recent years, at a level that is realistic given the needs of veterans seeking services from the Veterans Health Administration facilities. The best way to accomplish the needed stability that has been subject of discussion in the Congress and the veterans' community is to make funding for veterans health care mandatory. VVA also believes that whether funding is funded on the discretionary side of the ledger or on the mandatory side of the ledger, there must be adequate funding. As noted above that would mean a minimum of at least $28 billion for (exclusive of co-payments and third-party collections) for veterans' health care operations in FY 2004.

Most Americans believe that health care for veterans is a government obligation to those men and women who stepped forward to defend freedom and this nation. At a time when our President is asking a new generation of Americans our sons and daughters to bear the burden of defending this country, we must keep faith with their dedication by making the commitment to assure that the funds to care for their injuries and disabilities is not

relegated to a discretionary duty of the nation they have sworn to defend. Budgets are a reflection of the values and priorities of the administrators who design them and the legislators who approve them. What does "discretionary" funding for the care of men and women who defend this country say about America?

The President, with troops in the field requested $25.2 Billion in actual appropriated dollars for FY2004. Congress must soon act to provide at least $23.9 Billion for FY 2003 operations of the VA health care system. If Congress does not pass a FY 2003 budget soon, then it is incumbent on the President to ask for the difference between the continuing resolution currently in place and the $23.9 billion as an emergency appropriation that is vitally needed virtually immediately.

VVA points out that while we appreciate the proposal by the Administration to add about $1.4 Billion as an increase over the $23.9 Billion that will presumably (hopefully) be the final funding level for medical operations for FY 2003, it just simply is not enough to keep the system from further deteriorating.

The Secretary of Veterans Affairs took the only responsible action in light of the dire funding situation when he created a new Category 8 for priority of medical care at VA and suspended new enrollments of veterans in that category. Triage is hard. I had to do triage as an Army medic in Vietnam, and it was the hardest thing I have ever had to do. The Secretary had the courage to take the only proper choice under the circumstances. The question that we should now all be asking is why should it come to such a pass that Secretary Principi has to take such actions. It should not be that we have to triage American veterans in this way, but it will be this way increasingly until we catch up with funding and organizational capacity as to where we should have bee had it not been for the "flat lined years" and the increases less than the rate of medical inflation since, never mind the exploding population of veterans using the VA health care system.

As a Nation we can and must do better than we have done the past few years, despite tremendous efforts by the leadership on both sides of the aisle on this Committee, and many other friends in the Congress. We must have mandatory health care funding, and we need it now.

Veterans Health Initiative

To accomplish the proper mission of the VA as defined mission statement, one has to establish a "***Veterans*** Health Care System" that is focused on the needs the individual has as a veteran. One cannot possibly do this effectively if you do not take a complete military history, do a psychosocial work up where indicated, and test for such conditions and illnesses as the individual might well have been exposed because of the era of the military service, branch of service, duty stations (e.g., Vietnam theater of operations, Korea, Gulf War), military occupational specialty, etc. Perhaps the most glaring example of this is Hepatitis C for Vietnam veterans, but there are many more such conditions such as stronglioides and meliodiasis for those who served on the ground in Vietnam, other tropical diseases for World War II veterans who served in the South

Pacific, and "workplace hazards" specific to what the veteran did in military service to country, and when and where he or she did it.

This taking of a military and medical history is just plain common sense, and it is also good practice of medicine. It is absolutely necessary if we are committed to a "wellness" model of returning the individual to the highest degree of self sufficiency and autonomy possible. VVA holds that this not only makes sense, it is our duty as a Nation to do this right.

VVA also holds that it should be the explicitly stated goal of every veterans program to help the individual become as self sufficient as possible, and to us this means assisting the individual return to a state of readiness where he or she can obtain and sustain meaningful work. This may not be possible to achieve in every instance, but it should be the goal.

All of the medical experts will tell you that if one practices medicine in such a way as to help the person achieve "wellness" as opposed to just performing medical procedures for the immediate complaint reported by the patient, then it results in less overall cost to the system. The studies done at West Los Angeles VA Medical Center in regard to taking a true "holistic" approach would seem to bear out the cost savings that occur within the Fiscal Year alone, never mind the future years. If the system can be made to systematically concentrate on the needs of veterans as veterans in a rigorously holistic manner, then we will reduce "churning" and prevent many chronic problems from becoming so acute that repeated and/or prolonged inpatient care is required.

VVA looks forward to elaborating on these points next month, when we present our legislative agenda to you and to your distinguished colleagues from both the Senate and the House of Representatives. The point we wish to make here is that we do believe that VA can use the money it has more efficiently and (even more importantly) much more effectively.

Having noted all of the above, the question that confronts us today is how do we break out of the dilemma we are in as regard to securing enough resources to keep the system going long enough to discuss and debate how to make it work better to accomplish the goals we all share.

Some believe that the way to go with the delivery of care is to privatize it in some manner. That is an option that clearly worked to make the World War II GI Bill the most cost effective investment of a program ever enacted by our Nation's Congress. VVA would point out that VHA already contracts out more than one Billion in services already, and even has a pilot program in operation for contracting out compensation and pension exams. While this path holds promise in the view of some, it also is anathema in the view of others. The strongly held differences of opinion exist within the Domestic Policy Council and OMB, with the veterans' community, the public, and within the Congress. VVA would point out that the same sharp differences of opinion surrounded

the decision of General Bradley to affiliate VA Hospitals with the medical schools in the period immediately after World War II.

It is clear that the President and the Office of Management Budget (OMB) intend to contract out a great deal more of the services of the VA hospitals. Apparently much of the laboratory work is being contracted out already, and there are plans being executed not to greatly expand this and other contracting out to the private sector. VVA has reports that even the Pharmacy operation, the most efficient operation at the VA is soon slated for the contract table. OMB is currently preparing a new version of "A-76" to speed and enhance this process.

There must be a viable entity to discuss, and that requires sufficient resources. What is clear is that there will continue to be a need for a strong VA health care system as an anchor and central means of both delivering truly high quality care and ensuring the highest possible medical care to veterans as veterans. It is in everyone's interest who cares about the future of our country, and therefore cares about veterans, to ensure that there are enough resources available to maintain this activity, whatever form it may take in the future.

The ordinary processes of the Congress in the making of a budget may not be such as to allow for the adding of the $2.5 to $3 Billion in real appropriated taxpayer dollars it will take just to preserve current organizational capacity to deliver even the current state of medical care to America's veterans. There would be, in that figure funds for starting to restore specialized services, and enhancement of Fourth mission and preparations for treating the new combat wounded veterans, who may well be in hospitals here in the U.S. before there is an '03 budget appropriation enacted. While we seek to chart the ways to improve the delivery of the best possible medical care to veterans in the future. In the "business as usual" scenario, it is unlikely that much more than $1 Billion to will be added to the Administration's request for health care, inasmuch as the budget process is played as a "zero sum game." In a zero sum game any money not requested by the President must come from somewhere else.

Mr. Chairman, Vietnam Veterans of America urges that you join with Chairman Walsh of the Subcommittee on Appropriations, as well as the distinguished Chairmen of your respective Committees and your distinguished colleagues on both sides of the aisle to mobilize both the Republican and the Democratic leadership to find a way to fund the VHA at a level of at least $28 Billion.

We point out that funding VHA at more than $28 Billion would still be less of a percentage increase than that accorded to Medicare over the last decade, the Federal portion of Medicaid over the last decade, and significantly less than medical inflation over a similar period of time.

VVA also urges you to move forward legislation that would make per captita funding of the veterans health care system mandatory, at a figure for each veteran at the same level per capita as FY 1996, adjusted and compounded for medical

inflation for each year since. VVA's top two legislative priorities are mandatory funding for veterans' health care, and sharply increased accountability in government.

Guaranteed Transitional Housing Loans for Homeless Veterans

The VA Guaranteed Transitional Housing for Homeless Veterans Program, providing up to 15 loans for housing for homeless veterans, is confusing in its terminology. It is the loan program for multi-family housing. The veterans, who will use the facilities/housing that this loan program intends to establish, enter into a tenant/landlord relationship when they reside in this housing.

It has been VVA's understanding that this program was to provide a housing option for a period longer than two years…the normal length of time in a transitional living arrangement. The intended establishment was, in fact, to provide housing/residence as a long-term option.

In this regard, it is not "transitional" in the true and consistent use of this term, nor is it the definition of the word with which we in the grant arena are normally familiar. Being consistent with the terminology we find to be important so as not to cloud or confuse programs in the future. Additionally, multiple definitions may create a variety of criteria under which programs are held accountable and for which administrators are held responsible. It creates confusion when policies are written and legislation is sought. The change of title for this loan program may require legislative action. Perhaps, it would be more consistent with the intent of establishment of these residential options if they were viewed more as Community Intermediary Housing … not Transitional.

I understand that you assert the VA intends to use certain language in the FY04 budget that would move this program from a loan program to a grant program and in the process change it from mandatory funding to discretionary. Because OMB is often the underlying obstacle to many of the problems with which we are faced, I suggest that VA may not necessarily be the initiator of this movement nor may they be in total agreement with it. This is to be seen, of course. However, VA has invested many months moving this program forward. I would assume, contractors, working in good faith with the VA, have been absorbed with the planning and procedures for the implementation of this program. If the VA changes in the middle of the road, it does not set an appropriate foundation for future involvement on the part of any future initiatives for this program. It undermines the creditability of the VA and its working relationship with any future concerns, corporations, investors, or non-profits that would consider an involvement with a project of this size.

In the past few years, Congress has lent their ears to the voice of homeless advocates and particularly to the resounding swell of heightened concern for homeless veterans. Historic legislation has been passed. Advocates for homeless veterans applaud this action. But we now ask for help in understanding why an innovative program by design will be

changed to a horse of a different color before it has had the opportunity to prove itself on the track.

If OMB believes this program has inherent flaws, what are they? How can they be addressed within the framework of its present structure? If the dollars are moved from mandatory to discretionary, how will the program dollars be protected for full utilization of the funding, originally set aside for this program? There are some who would suggest that this movement may have ulterior motives.

Compensation and Pension Perspectives

Even with the implementation of the Secretary's Claims Processing Task Force's recommendations concerning increased training and accountability of the VA Compensation and Pension (C&P) staff and management, progress in terms of demonstrated increases in proficiency (including timeliness and accuracy of decisions), reduced remanded claims and appeals, and professional accountability have been painfully slow and woefully inadequate. The Task Force essentially concluded that better training of new C&P hires and retraining of long-time staff members is paramount to overcoming the current institutional culture of indifference to benefits-related statutes, regulations and jurisprudence, acceptance of poor proficiency and performance, and the belief that staff and senior management are immune from disciplinary action as the result of erroneous and unnecessarily prolonged decision making. VVA wholeheartedly concurs with this conclusion.

The VA's budget submission for its C&P training and performance evaluation design programs contemplates too small of an increase ($2.1 million) to even hope to meaningfully affect the current situation, let alone accomplish its goals. Substantially increased funding is required in this respect to slow the momentum of years of low agency-wide expectations and effect significant changes in training, performance and accountability.

Proposed Legislation:

In its budget report, the VA has proposed legislation to reverse the decision of the United States Court of Appeals for the Federal Circuit in *Allen v. Principi*, 237 F.3d 1368 (Fed. Cir. 2001), which held that Title 38 U.S.C. § 1110 permits a veteran to receive compensation for an alcohol or drug abuse disability acquired as secondary to, or as a symptom of, a veteran's service-connected disability (including post-traumatic stress disorder (PTSD)). The Court concluded that section 1110 does not preclude compensation for an alcohol or drug abuse disability secondary to a service-connected disability, or use of an alcohol or drug abuse disability as evidence of the increased severity of a service-connected disability. The Court's analysis of the statute deemed that compensation is only barred for primary and secondary substance abuse disabilities that result from the veteran's willful misconduct or the primary abuse of alcohol or drugs (such as cirrhosis). The *Allen* decision overruled the Court of Appeals for Veterans

Claims' decision in *Barela v. West*, 11 Vet.App. 280 (1998) and VA General Counsel Opinions 2-98 and 7-99, which essentially decided that compensation may not be paid for a disability due to alcohol or drug abuse. Consequently, service connection may be granted for alcohol or drug abuse if it is clinically established that the condition is adjunct to a service-connected disability. A higher evaluation may be granted for such symptomatology if clinical evidence demonstrates that the symptomatology is part of a service-connected disability.

In rendering its opinion, the Federal Circuit did not find that Congress, in enacting 38 U.S.C. § 1110, intended to include secondary service connection for substance abuse-related disorders where a service-connected disability is the cause within the willful misconduct prohibition. Nowhere is this situation more prevalent than where a veteran has a service-connected psychiatric disorder, particularly PTSD. It cannot be disputed that the VA compensation scheme is designed to compensate veterans for disabilities incurred as the result of their military service. There is no substantive difference between any other secondarily service-connected disability and a substance abuse-related disability that is a consequence of alcohol or drug abuse caused by a service-connected disability. Federal courts have already recognized this. Essentially, what the VA proposes is cutting costs (*Allen*-related benefit payments are estimated at $127 million in FY 2004) by cutting entitlement to *bona fide* service-related disabilities. To do so flies in the face the VA's mission as well as being utterly unconscionable.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to answer any questions that you may have of me. Again, Vietnam Veterans of America thanks you and the distinguished Members of this Subcommittee for your tenacious leadership on so many veterans' health care issues and for considering our views on this issue of vital importance to veterans of every generation.

RICHARD WEIDMAN

Richard F. "Rick" Weidman serves as Director of Government Relations of Vietnam Veterans of America. As such, he is the primary spokesperson for VVA in Washington. He served as a 1-A-O Army Medical Corpsman during the Vietnam war, including service with Company C, 23rd Med, AMERICAL Division, located in I Corps of Vietnam in 1969.

Mr. Weidman was part of the staff of VVA from 1979 to 1987, serving variously as Membership Director, Agency Liaison, and Director of Government Relations. He left VVA to serve in the Administration of New York Governor Mario M. Cuomo as statewide director of veterans employment & training (State Veterans Programs Administrator) for the New York State Department of Labor.

He has served as Consultant on Legislative Affairs to the National Coalition for Homeless Veterans (NCHV) and served at various times on the VA Readjustment Advisory Committee, the Secretary of Labor's Advisory Committee on Veterans Employment & Training, the President's Committee on Employment of Persons with Disabilities-Subcommittee on Disabled Veterans, Advisory Committee on Veterans' Entrepreneurship at the Small Business Administration, and numerous other advocacy posts in veteran affairs. Among those other responsibilities, he is currently serving as Chairman of the Task Force for Veterans' Entrepreneurship and Chairman, Task Force for Veterans Preference & Government Accountability, both of which are mechanisms for veterans' organizations and other Americans committed to justice for veterans to coordinate efforts on these vital issues.

Mr. Weidman was an instructor and administrator at Johnson State College (Vermont) in the 1970s, where he also was active in community and veterans affairs. He attended Colgate University (B.A., (1967), and did graduate study at the University of Vermont.

He is married and has four children.

VIETNAM VETERANS OF AMERICA

Funding Statement

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The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

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